



## ICBA News Release

### Broadening Eligibility for FDIC Streamlined "MERIT" Exam Is Positive Step, ICBA Says



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#### FOR IMMEDIATE RELEASE

**Washington, D.C. (Feb. 4, 2004)** - The Independent Community Bankers of America applauds the FDIC's decision to broaden its examination program called "MERIT" (Maximum Efficiency, Risk-Focused, Institution Targeted Examinations) so that well-rated banks with assets up to \$1 billion will now be eligible for examination under the streamlined program. Formerly, the MERIT program was limited to well-rated banks with total assets of \$250 million or less.

"We commend the FDIC for expanding the MERIT program. Community banks face an enormous regulatory burden and the examination process is part of that burden," said Karen Thomas, ICBA director of regulatory affairs. "This is another positive step in realizing that larger community banks, which pose less risks to the system than big banks, deserve regulatory relief."

The MERIT program applies to well-capitalized banks that have component and composite ratings of "1" or "2," stable management and effective loan-grading systems. During a MERIT exam, examiners focus on the overall assessment of the bank's risk-management processes, and spend less time on transaction testing. Lower-risk activities are reviewed primarily through discussions with management and by off-site monitoring.

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